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**Date:** 1/23/02 2:07pm **Subject:** Microsoft settlement

Microsoft created intentional incompatibilities in Windows 3.1 to discourage the use of non-Microsoft operating systems

An episode from the 1996 Caldera v. Microsoft antitrust lawsuit illustrates how Microsoft has used technical means anticompetitively.

Microsoft's original operating system was called MS-DOS. Programs used the DOS API to call up the services of the operating system. Digital Research offered a competing operating system, DR-DOS, that also implemented the DOS API, and could run programs written for MS-DOS. Windows 3.1 and earlier were not operating systems per se, but rather middleware that used the DOS API to interoperate with the operating system. Microsoft was concerned with the competitive threat posed by DR-DOS, and added code to beta copies of Windows 3.1 so it would display spurious and misleading error messages when run on DR-DOS. Digital Research's successor company, Caldera, brought a private antitrust suit against Microsoft in 1996. The judge in the case ruled that:

"Caldera has presented sufficient evidence that the incompatibilities alleged were part of an anticompetitive scheme by Microsoft."

That case was settled out of court in 1999, and no court has fully explored the alleged conduct.

The concern here is that, as competing operating systems emerge which are able to run Windows applications, Microsoft might try to sabotage Windows applications, middleware, and development tools so that they cannot run on non-Microsoft operating systems, just as they did earlier with Windows 3.1. The PFJ as currently written does nothing to prohibit these kinds of restrictive licenses and intentional incompatibilities, and thus encourages Microsoft to use these techniques to enhance the Applications Barrier to Entry, and harming those consumers who use non-Microsoft operating systems and wish to use Microsoft applications software.

This should be changed in the PFJ so that Microsoft cannot use this against the non-Microsoft users.

Thank you, Nathan Cohick, Design Engineer Advanced Bionics California, USA